

FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING MARCH 8, 2019

Xactware Solutions, Inc. v. Eagle View Technologies, Inc., Nos. 2018-1053, 2018-1055, 2018-1056, 2018-1110 (March 7, 2019) (nonprecedential); Patent Nos. 8,825,454, 8,818,770, 8,209,152, 9,135,737

Key point(s):

- The Federal Circuit will not find reversible error when an issue is not clearly raised before the PTAB
- Untimely made arguments before the Board are waived, and the Federal Circuit will not find reversible error in the Board not considering such arguments

Facts/Background: Eagle View Technologies owns U.S. Patent Nos. 8,825,454, 8,818,770, 8,209,152, and 9,135,737, which are generally directed to various methods for estimating measurements for building roofs based on aerial images of a roof of a building. Xactware Solutions requested *inter partes* reviews of the patents, and the Patent Trial and Appeals Board upheld the validity of certain claims of the patents at issue. In upholding the validity of the claims at issue, the Board held, *inter alia*, that Eagle View demonstrated that there was nexus between the merits of the claimed invention and evidence of secondary considerations of patentability. Specifically, the Board held that because Eagle View's products embodied the claimed features and was coextensive with the claimed features, nexus between the merits of the claimed invention and evidence of secondary considerations was presumed and the burden of showing that nexus did not exist shifted to the petitioner (*i.e.*, to Xactware). This appeal followed.

Holding: Affirmed. The Federal Circuit noted that the parties spent significant amounts of their briefs before the Federal Circuit debating the evidentiary showing required for a patent owner to be given the presumption of nexus in relation to secondary considerations of nonobviousness. However, the Federal Circuit did not reach that issue because the issue of the evidentiary requirements for a finding of nexus was not clearly at issue in the parties' briefing before the Board. Specifically, Eagle View's response argued that a nexus existed between its secondary considerations evidence and the challenged claims because its products embodied the disclosed invention. In reply, Xactware only challenged the credibility of Eagle View's expert but did not raise the issue of the evidentiary standard needed to find nexus between evidence of secondary considerations and the challenged claims. The Federal Circuit held that substantial evidence supported the Board's findings with respect to nexus and the Board's finding that certain limitations in the '770 patent were not disclosed in the references at issue in the *inter partes* review. Finally, the Federal Circuit held that the Board did not err in not considering untimely raised arguments advanced by Xactware before the Board.

PersonalWeb Technologies, LLC v. Apple, Inc., No. 2018-1599 (March 8, 2019) (precedential) (3-0); Patent No. 7,802,310

Key point(s):

- A hypothetical construct, not explicitly supported by a reference, is insufficient to find that the construct is inherent to the reference
- Inherency requires that a result is the natural outcome of a given operation

Facts/Background: PersonalWeb owns U.S. Patent No. 7,802,310 (the “310 Patent”), which generally is directed to resolving conflicts caused by moving files with the same name from one device to another device. Specifically, the ‘310 Patent contemplates creating a unique identifier (e.g., a cryptographic hash) for each data item based on the content of the data item itself. Apple petitioned for *inter partes* review of the ‘310 Patent, asserting, *inter alia*, that the ‘310 Patent was obvious over U.S. Patent Nos. 5,649,196 to Woodhill and 7,359,881 to Stefik. Woodhill discloses a distributed management system for backing up and restoring files, while Stefik discloses an authentication system for controlling access to digital content. Relevant to this appeal, the Patent Trial and Appeals Board found the claims of the ‘310 Patent to be obvious, holding that (1) Apple had shown that the discussion in Woodhill regarding transmitting an update request to a remote file server including an object identification record for the previous version of an object and a list of content identifiers inherently taught the contest claim limitation of “causing the content-dependent name of the particular data item to be compared to a plurality of values” and (2) one of skill in the art would combine Woodhill and Stefik. This appeal followed.

Holding: Reversed. With respect to the Board’s finding that Woodhill inherently taught the contested claim limitation, the Federal Circuit held that the Board’s finding lacked substantial evidence. While it might be possible that the system described in Woodhill could use an unstated lookup table to locate binary objects of a previous version of a file, the mere possibility that an action could be performed is insufficient to show that the action is inherent to the disclosure of Woodhill. Rather, the test for inherency is that some result is the natural outcome of an operation that performs a specific function. Further, the Federal Circuit held that an equally plausible understanding of Woodhill, advanced by PersonalWeb, is that Woodhill obtains the identities of the current and previous versions of the file, and thus, the hypothetical lookup table contemplated by the Board would be unnecessary to locate the current or previous version of the file. Finally, the Federal Circuit noted that Woodhill contemplated a system for locating binary objects that would make the Board’s hypothetical lookup table unnecessary. Thus, the Board’s reliance on inherency for the lookup table was not supported by substantial evidence, and the Federal Circuit reversed the Board’s finding that the ‘310 Patent was obvious. Because the Federal Circuit reversed the Board on the question of inherency, the Federal Circuit did not address the motivation to combine argument on appeal.